

## Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 20156 141752Z  
ACTION SS-14

INFO OCT-01 ISO-00 EB-03 EUR-08 SP-02 TRSE-00 NSC-05  
NSCE-00 FRB-01 CIAE-00 SSO-00 ONY-00 /034 W  
----- 125760 /43  
O 141135Z DEC 76  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC IMMEDIATE 8715

LIMITED OFFICIAL USE LONDON 20156

LIMDIS WITH DISTRIBUTION FOR S, C, D, E, P, EB, EUR,  
S/P, TREASURY, NSC, FRB ONLY

E.O. 11652: N/A  
TAGS: EFIN, UK  
SUBJECT: SITUATION REPORT, DECEMBER 14

REF: (A) STATE 267168; (B) LONDON 20090

1. RETAIL SALES: THE VOLUME OF RETAIL SALES REBOUNDED IN NOVEMBER WITH THE INDEX RISING A PROVISIONAL 1.6 PERCENT OVER ITS OCTOBER LEVEL. THIS RISE IS ATTRIBUTED TO PRECAUTIONARY BUYING BEFORE A POSSIBLE INCREASE IN VALUE ADDED OR EXCISE TAXATION AND HIGHER PENSION AND WELFARE PAYMENTS WHICH WENT INTO ESFECT IN MID-NOVEMBER. OVER THE FIRST 11 MONTHS OF 1976 AVERAGE RETAIL SALES VOLUME WAS 0.7 PERCENT LOWER THAN DURING THE COMPARABLE PERIOD OF 1975.

2. FINANCIAL MARKETS AND FOREIGN EXCHANGE: STERLING SHOWED AN APPRECIABLE GAIN IN MONDAY'S TRADING, CLOSING AT \$1.6815, UP 1.1 CENTS ON THE DAY. THE TRADE-WEIGHTED DEPRECIATION NARROWED TO 44.4 FROM 44.8 PERCENT. THE MARKET WAS QUIET BUT DEMAND WAS FIRM, SOME SOURCES ATTRIBUTING THE RISE TO EXPECTATIONS OF STERN MEASURES IN HEALEY'S WEDNESDAY PACKAGE. THE POUND OPENED TODAY AROUND \$1.6887.

SHORT-TERM CREDIT WAS IN SHORT SUPPLY ON MONDAY AND THE BANK OF ENGLAND ASSISTED DISCOUNT HOUSES AND  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 20156 141752Z

BANKS BY REDISCOUNTING BOTH TREASURY AND COMMERCIAL

BILLS, AND LOANING MONEY OVER NIGHT AT THE MINIMUM LENDING RATE. THIS MARKED THE FIRST REDISCOUNT OF COMMERCIAL BILLS SINCE MARCH 1975.

SALES OF GILTS WERE QUITE STRONG ON MONDAY, AS THE GOVERNMENT BROKER SUPPLIED AN ESTIMATED 250 MILLION POUNDS OF TAP STOCKS TO THE MARKET. THE 3 PERCENT 1982 TAP STOCK, ISSUED ON OCTOBER 18, 1976, WAS EXHAUSTED. THE TIMES ESTIMATES THAT AS MUCH AS 4500 MILLION POUNDS OF NEW GILTS MAY HAVE BEEN SOLD DURING THIS FINANCIAL YEAR, AS AUTHORITIES SEEK TO REDUCE THE INFLATIONARY IMPACT OF A CIRCA 11 BILLION POUND PUBLIC SECTOR BORROWING REQUIREMENT.

THE EQUITY MARKET'S ADVANCE SLOWED ON MONDAY AS THE FINANCIAL TIMES INDEX OF 30 INDUSTRIALS INCREASED 3.6 POINTS TO 333.7.

ARMSTRONG

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, REPORTS, FOREIGN EXCHANGE RATES, STERLING (CURRENCY), POUND (CURRENCY), PRICE TRENDS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 DEC 1976  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976LONDON20156  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760460-0516  
**From:** LONDON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761245/aaaabmrq.tel  
**Line Count:** 80  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION SS  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** ONLY  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** ONLY  
**Reference:** 76 STATE 267168, 76 LONDON 20090  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** BoyleJA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 MAY 2004 by GarlanWA>; APPROVED <13 SEP 2004 by BoyleJA>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SITUATION REPORT, DECEMBER 14  
**TAGS:** EFIN, UK  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006